

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 97 – SB 337

February 17, 2023

SUMMARY OF BILL: Requires each county office register of deeds to offer a property fraud alert program to property owners at no cost, if the county legislative body (CLB) appropriates sufficient funds for such program.

Increases the penalty for unlawfully drawing property transfer documents without interest in the property, from a Class E felony to a Class D felony.

FISCAL IMPACT:

**Increase Local Expenditures – \$6,000/FY23-24/Permissive
\$800/FY24-25 and Subsequent Years/Permissive**

Assumptions:

- Seventy-eight county registers of deeds in Tennessee offer a property fraud alert program at no cost to property owners.
- Of those 78 counties:
 - Thirty-seven counties contract with the vendor Business Information Systems (BIS), incurring a one-time expenditure of \$1,500 to build the website and an annual maintenance fee of \$200;
 - Thirty-nine counties contract with the vendor Professional Governmental Research and Solutions, Inc. (Progress), at no cost to those counties;
 - Knox County contracted with the vendor Document Technology Systems, Ltd. to create its program, with an overall cost of \$25,700; and
 - Hamilton County created its own program in-house, at no cost to the county.
- The proposed legislation applies to the remaining 17 counties in Tennessee.
- It is not known which of these CLBs, if any, would elect to appropriate funds for a property fraud alert program, nor the amount of funds that would be appropriated.
- For the purpose of this analysis, it is assumed that 25 percent, or 4 (25% x 17), of the applicable CLBs will appropriate funds sufficient for a property fraud alert program.
- CLBs would not need to appropriate funds for a free program, such as the program provided by Progress; therefore, it is assumed that such CLBs will appropriate funds similar to the costs currently paid by counties for the BIS program.
- The permissive increase to local expenditures is estimated to be \$6,000 (\$1,500 website x 4 counties) in FY23-24 and \$800 (\$200 maintenance fee x 4 counties) in FY24-25 and subsequent years.

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- Pursuant to Tenn. Code Ann. § 39-17-116, it is an offense for any person to knowingly cause to be prepared, sign, or file records of any property transfer document when the transferor, grantor or person applying for registration knows or should know that the transferor or grantor has no legal or equitable interest to convey, or when there is no reasonable basis for assumption that the transferor or grantor has any interest in the property.
- The proposed legislation increases the penalty for unlawfully drawing property transfer documents without interest in the property from a Class E felony to a Class D felony.
- Based on information provided by the Department of Correction, there has been zero admissions in each of the last 10 years for the Class E felony offense under Tenn. Code Ann. § 39-17-116 for unlawfully drawing property transfer documents without interest in property.
- There will not be a sufficient number of Class D felony prosecutions for state government to experience any significant increase in revenue or expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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